

From: Tim Attebery <tattebery@agcwa.com>
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To: DES SBCC <sbcc@des.wa.gov>
Subject: AGC Comments on Commercial Energy Code Changes

External Email

State Building Code Council:

With roots going back to 1922, the Associated General Contractors (AGC) of Washington is the state's largest and oldest commercial-construction trade association. Our members build schools, roads, bridges, underground utilities, any commercial structure and multi-family housing. Essentially our membership constructs everything in the built environment with the exception of single-family housing. Over the last century, AGC members have built the State of Washington proudly and with professional integrity.

AGC has grave concerns with regards to adoption and amendment of the 2021 Washington State Commercial Energy Code (WAC 51-11C). This proposal seeks to replace natural gas heating with electricity, thus increasing demand, pushing up costs and increasing the risk of electricity shortages especially during peak demand hours.

Doug Orth of Absher Construction was Chair of the State Building Code Council from 2018-2020 and is quoted as saying, "To reach the 70% CO2 reduction required by 2031, it is going to take new technology that is not currently in the market place, or the cost of construction is going to skyrocket. Almost certainly the latter." Mr. Orth has been providing commercial preconstruction services to clients for over 30 years. During preconstruction meetings developers/property owners meet with construction firms and they discuss project budgets, scope, value engineering, materials to be used, a risk assessment is made, schedules are discussed, safety issues are managed and a cashflow analysis is done so confidence exists to ensure the project can be completed. These meetings are very practical in nature and force both parties to face realistic measurements in order to successfully complete the project. Mr. Orth has attended hundreds of these types of meetings over the decades. Switching from natural gas to electricity will cause some developers/property owners to either lay the proposed construction project aside completely, decide to invest in another state or reduce the total amount of construction. All three options are job killers for construction workers and hurt the economic development we need in rural, suburban and urban communities.

Our state is facing a crisis in affordable housing. This measure will make housing even less affordable by increasing the cost of rents and mortgages for single and multi-family housing and contribute to affordable housing crisis in our state. The 2021 Washington State Energy Code must be crafted in such a way to be balanced with the immediate needs of housing affordability.

21.8% of electricity generation in Washington State was produced by fossil fuel fired plants in 2019. The obvious take-away in that statistic is that even if we were to replace natural gas heating with electricity in the Energy Code, a significant percentage of that electricity will be generated from fossil fuels. As our climate changes and our region faces reduced rainfall and snow pack, the hydro-electric plants may not be able to produce as much electricity as they have in the past putting even more demand on fossil fuel electrical sources.

While we support the long term goal of reduced carbon emissions, the path to that goal must be carefully considered and carried out in such a way to avoid significant unintended consequences.

Tim Attebery Southern District Manager

AGC OF WASHINGTON

Tel 253.896.0033 | Fax 253.896.0036 | www.agcwa.com